

Divided Board Leaves Agency's Small CU Program In Limbo

By CLEVELAND CRENSHAW
CU Journal Reporter

ALEXANDRIA, Va.—For five years, NCUA's Office of Community Development Credit Unions has created programs to keep smaller and low-income credit unions healthy.

Now, NCUA is looking to put what would essentially be its stamp of approval on those ongoing programs. But a disagreement over how much the OCDCU will continue to be involved once the plan is

written down has scuttled the proposal.

NCUA tabled a small credit union proposal at its Dec. 17th, 1998 board meeting. NCUA Chairman Norman D'Amours and Board Member Yolanda Wheat disagreed on whether or not programs run in NCUA's six regional offices should operate under the OCDCU umbrella.

D'Amours backs the centralized approach, with his proposal called (Continued as *DISAGREEMENT*, page 4)

■ DISAGREEMENT:

Two NCUA Board Members, Two Opinions

(Continued from page 1)

ing for the regional offices to report to the OCDCU. Wheat, however, said she prefers that any small credit union program not have to answer to the OCDCU in the event a future NCUA board should abolish the office, which is overseen by Director Joyce Jackson.

When *The Credit Union Journal* went to press, it was unlikely either proposal would be on NCUA's Jan. 28 meeting agenda.

"It doesn't appear likely at this time," D'Amours confirmed. "It would require an agreement on the proposals. At this time it seems like an exercise in futility."

Despite that, the regional programs tailored to smaller credit unions aren't in any real danger, NCUA officials said. D'Amours has long championed the cause of smaller credit unions, and although she has had a lower profile on the issue, Wheat, too, is a supporter. The fact that there is even any disagreement at all on such a cause highlights the long-term differences in credit union philosophy between the two, industry watchers say.

One Issue At Heart

Those differences hinge on one issue.

D'Amours said he feels any small credit union program logically should include the five-year-old Office of Community Development Credit Unions as its central point.

The OCDCU created the current programs and, in effect, is running them now, he explained. D'Amours said it wouldn't make any sense for a proposal to sidestep the office created to work with small credit unions. D'Amours led the effort create the office in 1994.

Any other differences in the two proposals, D'Amours offered, could be "worked out."

"If she had been willing to make the Office of Community Development programs part of the program we could have come together on other differences," D'Amours said. "She refused."

It has been tough for the two board members to reach any agreement.

Wheat said she had no problem with the OCDCU continuing to do what it has been doing with smaller credit unions. However, she said she wanted to ensure that a smaller credit union program would remain in place if the office of Community Development Credit Unions was ever disbanded or if Jackson leaves the job.

NCUA board members can vote to abolish any office. Jackson was named to the job by D'Amours, and some have speculated she might leave the post when a replacement is appointed for D'Amours. The chairman's

term expires in August.

"If the office remains there is a role for them to play. But any small credit union program

should be formalized into (NCUA's) core framework and structure. If the office leaves, the program will remain in place," Wheat offered.

But D'Amours maintains that the office is a permanent part of the agency.

Wheat said she doesn't have any problem with the OCDCU itself.

"I look forward to working with the office on any small credit union proposal," Wheat said. "The average consumer has basic financial service needs. Smaller credit unions need to be able to access the wherewithal to fit those needs."

Also Asking The Question

The issue of the continued viability of small credit unions is one that has been raised on several fronts. According to the NCUA, while credit unions as a whole grew by 7.5% in 1997, credit unions with \$5 million or less in assets saw decreases in everything from loans to deposits.

And earlier this year, CUNA created what it is calling a Small Credit Union Task Force. The 10-person task force is made up of credit union CEOs and league presidents (*CU Journal*, Jan. 13). The members are charged with making a report to the CUNA board at the trade group's annual meeting in September.

NCUA began really looking into giving aid to smaller credit unions about five years ago, with D'Amours leading the charge. When D'Amours led the effort to form the office in 1994, it was seen as a way to put a national face on the regional offices' efforts with small credit unions. Those credit unions were defined as \$5 million in assets or less.

"This office has played a critical and pivotal role in bringing all these regions into sync," D'Amours said. "The proposal merely put codification and the prestige of board approval on the program."



Norman D'Amours
NCUA



Yolanda Wheat
NCUA